

## RESTAURANT AND HOTEL INDUSTRIES

The restaurant and hotel industries consist of establishments that are open to the public or are operated by membership organizations that furnish meals or lodging. The restaurant industry is composed of establishments that prepare and serve meals and beverages and includes, but is not limited to, restaurants, cafeterias, caterers, cocktail lounges, diners, fast food places, and takeout or delivery businesses. Establishments in the hotel industry provide lodging to their customers or members and include, but are not limited to, hotels, motels, hostels, inns, rooming and boarding houses, fraternity or sorority residential houses, and residential clubs.

### Who Is an Employee?

A worker is a common law employee when the employer has the right to direct and control the manner and means of accomplishing the work. See Information Sheet: Employment (DE 231).

Types of employees that are typical in the restaurant industry are:

- Chefs
- Dishwashers
- Bus Persons
- Maitre d's
- Cashiers
- Delivery Persons
- Valets
- Cooks
- Kitchen Helpers
- Waiters and Waitresses
- Hosts and Hostesses
- Managers
- Bartenders
- Clerical and Office Staff

Types of employees that are typical in the hotel industry may include the above as well as the following:

- Maids
- Laundry Persons
- Desk Clerks
- Bellhops
- Switchboard Operators
- Repair and Maintenance Persons

Other services that may be performed by an employee under common law rules include, but are not limited to, those of bookkeepers, janitors, and entertainers.

### What Are Wages?

Wages are payments made to an employee for services performed during employment. The payment may be made in cash or some medium other than cash. Types of payments typically considered to be wages are:

- Cash
- Meals and Beverages
- Lodging
- Tips

Employer-provided meals and lodging are subject to Unemployment Insurance (UI), State Disability Insurance (SDI), and Employment Training Tax (ETT). Meals are subject to California Personal Income Tax (PIT) withholding unless furnished for the employer's convenience and on the employer's premises. Lodging is also subject to PIT unless furnished on the employer's premises, for the employer's convenience, and as a condition of employment.

### What Are the Values of Meals and Lodging?

The taxable values of meals and lodging should not be less than the reasonable estimated values stipulated by the contract of employment or in a union agreement. If the cash values are not stipulated in the hiring or union agreement, the taxable values are established by regulation. The taxable value of lodging is 66 2/3 percent of the ordinary rental value to the public up to a maximum per month and not less than a minimum value per week. The taxable values of meals and lodging are listed below:

VALUE OF MEALS						VALUE OF LODGING	
YEAR	DAY	BR.	LU.	DI.	UNID.	MAX PER MONTH	MIN PER WEEK
1996	6.90	1.50	2.10	3.30	2.40	\$662	\$21.45
1997	7.10	1.55	2.15	3.40	2.45	\$666	\$21.60
1998	7.35	1.60	2.25	3.50	2.55	\$681	\$22.10
1999	7.55	1.65	2.30	3.60	2.65	\$705	\$22.90
2000	7.75	1.70	2.35	3.70	2.70	\$742	\$24.05
NOTE: These values apply to nonmaritime employees only. Lodging: 66 2/3 percent of ordinary rental value.							

The cash values of meals and lodging are subject to change each calendar year.

### **“Wages” Includes Tips**

Employees who receive more than \$20 in tips in a calendar month must report all tips in one or more written statements to the employer on or before the tenth day of the month following the month in which they are received from the customers. Tips are taxable when the employee’s statement is furnished to the employer. Banquet tips and tips controlled by the employer are treated as regular wages, and their taxability is not contingent upon employees reporting them to the employer.

Tips which are included in a written statement furnished to the employer are wages and are subject to UI, ETT, SDI, and PIT. Tips should be combined with regular wages when reported to EDD.

### **Additional Assistance**

You may obtain a copy of the EDD’s quarterly newsletter, the *California Employer* from your local Employment Tax Customer Service Office. Offices are listed in the State Government section of the telephone book under Employment Development Department, Employment Tax Information or Payroll Tax Information and Assistance. Offices are also listed on the EDD Internet site at **[www.edd.ca.gov](http://www.edd.ca.gov)** under “Department Directory.”

Equal Opportunity Employer/Program. Auxiliary services available to individuals with disabilities.
--